

The Trend of Bond Prices

The trend of bond prices is now upward in response to the gradual easing of the money situation and the consequent lowering of interest rates and many years will probably elapse before money will again have such a high purchasing power in the investment security markets as it has today.

Our circular No. 1788, "Present Opportunities in the Bond Market—How Long Will They Last?" offers suggestions that should help investors to take advantage of the present opportunities in the bond market.

Spencer Trask & Co.
25 Broad Street, New York
American Stock Exchange
Members New York Stock Exchange
Members Chicago Stock Exchange

FINANCIAL NEWS AND COMMENT

Exchanges Advance, Sterling to Highest Since April, 1920

—Stocks Strong.

Foreign exchanges occupied the centre of the financial stage yesterday, exceeding in importance several interesting developments in stocks and crowding to one side the economic significance of the bond market. Practically all European rates gained ground rapidly from the start to the finish of the day's business, aided by urgent short covering in sterling, francs and marks. Sterling got up to 4.08, a gain of 8 cents to the pound overnight and the highest quotation since April, 1920. The French rate rose to 7.37 cents a franc, recovering all distance lost during the last three weeks, and marks were reported as high as .60 cent each. The last named rate was almost twice the minimum price of the year, established early last month. Lire and Belgian francs were buoyant.

Undoubtedly that powerful forward swing reflected the market effect of news that British financial leaders were considering some plan for postponing further payments of German reparations. But another force behind the rise was further news of plans for an international conference to discuss means to stabilize exchange to be participated in by the United States. Just how those problems will be attacked is decidedly obscure. It is difficult to see how any real stabilization of foreign currencies in outside markets can be attained except through normal expansion of trade or through gold loans, the accumulation of the metal for national reserve behind currency issues being made by drafts on metal concealed in hoardings and commercial products or on holdings of countries which can pare it from their own reserves. The details of plans in embryo will develop in due time. Yesterday's upturn of rates was caused more by expectations than by actual events.

The stock market felt the influence of the rising exchanges, but it was noticeable that its dealings fell away in volume as compared with the large markets of the last fortnight. Rather strangely, railroad shares made only a slight reflection of the establishment of railway working rules, which will help materially in reducing wage outlays. The indication that the settlement of this troublesome problem also paves the way for early consideration of direct wage cuts was lost in the market's action, although its reflection is likely to come later. Prior to the declaration of the \$20 a share dividend on Burlington stock, Northern Pacific went forward to a new high level for the current movement and Great Northern preferred was strong. But afterward it looked as though the declaration, large as it was and of much value in Northern Pacific and Great Northern dividend matters, was disappointing to speculators as the shares of the latter two roads ended the day with bare fractional gains.

The industrial share list disclosed few points of weakness and railroad equipment, oil and a number of steel issues marked a point and more. In the bond market a feature was a rather sharp reaction of French 7½s to 83½, with a subsequent recovery, which seemed to record a disturbed feeling in some quarters over the French budget position in case reparations payments should be postponed.

The week's rise of the Federal Reserve ratio of cash to deposit and note liabilities to a new high point—72.7 per cent.—was caused by a gain of \$10,000,000 in reserve and a fall of \$22,900,000 in circulating Reserve notes, when overcome an increase of \$14,000,000 in deposits. The gold cover for notes in circulation, after setting aside 25 per cent. against deposit liabilities, went above 100 cents to the dollar for the first time this year.

FOREIGN EXCHANGE.

DECEMBER 1, 1921.

GREAT BRITAIN.

Thurs.—Wednesday
\$4,000 Sterling \$4.074 £4.000
Demand 4.074 4.000
Cables 4.074 4.000
Bankers, 60 & 4.000 3.950
Bankers, 60 & 4.020 3.950

THE CONTINENT.

18.30 France, cents a franc: Demand 7.02% 7.00%
Cables 7.02% 7.00%
18.30 Belgium, cents a franc: Demand 6.73% 6.64%
Cables 6.73% 6.64%
18.30 Switzerland, cents a franc: Demand 19.15 18.85
79.00 77.75 7.75 7.75
18.30 Italy, cents a lira: Demand 4.41% 4.15%
Cables 4.41% 4.15%
18.30 Germany, cents a mark: Demand 5.44% 4.45%
Cables 5.44% 4.45%
18.30 France, 25 cent. 23.75 23.50
Demand 23.75 23.50
Cables 23.75 23.50
18.30 Germany, cents a mark: Demand 14.10 14.15
Cables 14.10 14.15
18.30 Russia, cents a ruble: Demand 18.05 18.47
Cables 18.05 18.47
18.30 Greece, cents a drachma: Demand 4.15% 4.15%
Cables 4.15% 4.15%
18.30 Spain, cents peseta: Demand 14.14 13.98
Cables 14.14 13.98
18.30 Poland, cents a florin: Demand 25.40 25.50
Cables 25.40 25.50
18.30 Bulgaria, cents a lev: Demand 1.14 1.14
Cables 1.14 1.14
18.30 Czechoslovakia, cents a crown: Demand 1.08 1.05
Cables 1.08 1.05
18.30 Rumania, cents a leu: Demand74 .78
Cables74 .78
18.30 Turkey, cents a lira: Demand53 .55
Cables53 .55
18.30 Montenegro, cents a dinar: Demand53 .55
Cables53 .55

18.30 Yugoslavia, cents a kupon: Demand14 .11
Cables14 .11
18.30 Austria, cents a krona: Demand09 .09
Cables09 .09
18.30 Czechoslovakia, cents a korona: Demand05 .05
Cables05 .05
18.30 Hungary, cents a pengo: Demand05 .05
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18.30 Italy, lire: Demand05 .05
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18.30 Far East: Demand05 .05
Cables05 .05

18.30 Argentina, pesos a peso: Demand 13.00 13.12
Cables 13.00 13.12
18.30 Brazil, reis: Demand 55.00 55.00
Cables 55.00 55.00
18.30 Chile, pesos: Demand 27.00 27.25
Cables 27.00 27.25
18.30 Japan, yen: Demand45 .45
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18.30 Mexico, pesos: Demand45 .45
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18.30 Uruguay, pesos: Demand45 .45
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18.30 Venezuela, bolivares: Demand45 .45
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18.30 Peru, pesos: Demand45 .45
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